



FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

MAY 3 1996

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

The Honorable Alfonse D'Amato  
United States Senate  
520 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator D'Amato:

Thank you for the letter dated April 4, 1996, on behalf of your constituent, Salvatore Paolillo, Sr., regarding the Commission's policies for licensing 800 MHz Specialized Mobile Radio (SMR) systems. Mr. Paolillo expresses concern regarding the Commission's decision to redesignate the 800 MHz General Category Pool frequencies. Mr. Paolillo also expresses concern about the proposed use of competitive bidding procedures to award future licenses on these frequencies.

On December 15, 1995, the Commission issued a First Report and Order, Eighth Report and Order, and Second Further Notice of Proposed Rule Making (First Report and Order) in PR Docket No. 93-144, which addressed the treatment of the General Category. In the First Report and Order, the Commission determined that the overwhelming majority of General Category channels are used for SMR as opposed to non-SMR service. In fact, our licensing records indicate that there are three times as many SMR licensees using General Category channels as any other type of Part 90 licensee. The Commission therefore concluded that the most efficient use of the General Category channels would be to redesignate them exclusively for SMR use. Thus, the First Report and Order provided that in the future, only SMR service providers will be eligible for new licenses in the General Category pool. Existing non-SMR licensees on General Category channels will continue to operate under their current authorizations, however, and will be fully protected from interference by new SMR licensees. In addition, the Commission's decision specifies that SMR service providers are no longer eligible to apply for licenses on Business or Industrial/Land Transportation channels. As a result, we anticipate that the First Report and Order will make more spectrum available for licensees such as Mr. Paolillo, who are currently eligible, and will continue to be eligible, to apply in the Business and Industrial/Land Transportation categories. For your convenience and information, enclosed is a copy of the Press Release concerning the First Report and Order, which includes a summary of the principal decisions and proposals made.

The Commission's decision to auction 800 MHz SMR spectrum is consistent with Section 309(j) of the Communications Act, which sets forth certain criteria for determining when auctions should be used to award spectrum licenses. Pursuant to these criteria, auctions are to be used to award mutually exclusive initial licenses or construction permits for services likely to involve the licensee receiving compensation from subscribers. The statute also requires that the Commission determine that auctioning the spectrum will further the public interest objectives of Section 309(j)(3) by promoting rapid development of service, fostering competition, recovering a portion of the value of the spectrum for the public, and encouraging efficient spectrum use. The Commission has concluded that auctioning of SMR licenses

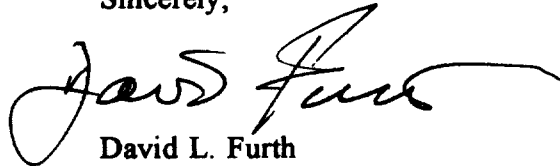
The Honorable Alfonse D'Amato

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satisfies these criteria. In particular, we believe that auctions will minimize administrative or judicial delays in licensing, particularly in comparison to other licensing methods such as comparative hearings, lotteries (which are specifically prohibited by the statute if the service is auctionable), or "first-come, first-served" procedures. We note that the statute does not distinguish between new services (such as Personal Communications Services) and existing services in terms of whether initial licenses in a given service are auctionable. As noted above, however, the Commission's decision to use auctions applies only to issuance of initial licenses in the service, and is not intended to affect rights afforded to licensees under existing authorizations.

Thank you for your inquiry.

Sincerely,

A handwritten signature in black ink, appearing to read "David L. Furth", with a stylized, flowing script.

David L. Furth  
Chief, Commercial Wireless Division  
Wireless Telecommunications Bureau

Enclosure

ALFONSE M. D'AMATO  
NEW YORK

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# United States Senate

WASHINGTON, DC 20510-3202

PRB  
PR-800MHz  
1799

April 4, 1996

Federal Communications Commission  
2025 M Street, NW  
Room 6202  
Washington, D.C. 20554


Dear Director:

Because of the desire of this office to be responsive to all inquiries and communications, your consideration of the attached is requested.

PLEASE TRY TO RESPOND WITHIN 4 WEEKS OF YOUR RECEIPT OF THIS REQUEST. YOUR FINDINGS AND VIEWS, IN DUPLICATE, ALONG WITH RETURN OF THIS MEMO PLUS ENCLOSURE, WILL BE APPRECIATED.

Many thanks.

Sincerely,



Alfonse M. D'Amato  
United States Senator

AMD:amr  
Enclosure



**S. PAOLILLO & SONS, INC.**

**HEATING/AIR CONDITIONING  
MECHANICAL CONTRACTING  
GENERAL CONTRACTING  
PLUMBING CONTRACTING**

The Senate Building  
Washington, DC 20013  
Att: Senator Alfonso D'Amato

3/26/96

Dear Senator D'Amato :

Re: FCC PR Docket No. 93-144, Redesignation of the 800 MHz General Category Pool to a Commercial-only Service and Proposed Implementation of Competitive Bidding Processes

In the above-referenced proceeding, the Federal Communications Commission has reallocated 150 channels in the 800 MHz band that have been shared jointly by both private and commercial licensees for more than twenty years. The FCC's justification for this aggressive action was simply that the "overwhelming majority" of channels were used for commercial operations. In fact, while there are a significant number of commercial subscriber-based operations, there are also more than 3,400 non-commercial licenses. We happen to be one of the latter who do not use the spectrum to generate business revenues.

Our company is an electrical, HVAC, and plumbing contractor. We service residential and commercial customers on the North Shore of Long Island. The radio facilitates quick access to all employees on a daily basis, thereby, enabling rapid response to customer service calls and any emergency situations.

Now that the FCC has reclassified the band for commercial use, it has, simultaneously, provided itself authority to conduct auctions and has proposed to do so. These actions are extremely predatory to the spectrum rights that were afforded my company. We should retain a fairly reasonable expectation that- as a non-commercial entity operating a radio system in a spectrum band where there is little opportunity for mutually exclusive applications- we would not be subjected to federally forced competitive bidding processes.

We do not support - nor do we believe you should support- FCC regulatory actions that would seem to exceed the FCC's auction authority as set forth in the Omnibus Budget Reconciliation Act of 1993. In granting authority to the FCC to award such authorizations by auction, we understood that Congress expressly limited such authority to situations involving mutually exclusive applications. Further, section 309 (j) (6) (E) of the 1993 Budget Act directed the FCC to make every effort to avoid mutually exclusive situations by use of engineering solutions, such as frequency coordination. The opportunity to generate revenues was not to be used as justification for ignoring this congressional directive.

We respectfully request that you urge the FCC to reverse its recent redesignation of the 800 MHz General Category pool. That action alone would preclude the FCC from instituting auction processes in a band that is heavily encumbered by both private and commercial licensees. We

are at a loss to understand federal government action that would expose our firm to having to compete for spectrum through auctions when our assigned channels were validly licensed in accordance with existing policy.

Your interest and assistance will be most appreciated.

Sincerely,

A handwritten signature in cursive script, reading "Salvatore Paolillo, Sr.", written in dark ink.

Salvatore Paolillo, Sr.

President

S.Paolillo & Sons, Inc.

**Commercial Wireless Division**

**BWoolford**

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